



Top 5 takeaways

NYU International Hospitality Industry Investment Conference



From May 31st through June 2nd, at the Marriott Marquis in New York City, leaders from Deloitte's Travel, Hospitality and Leisure ("THL") practice attended and moderated senior executive panels at the NYU International Hospitality Industry Investment Conference, including Deloitte's national THL leader, Guy Langford, Deloitte & Touche LLP, its national hospitality leader, Steve Jennings, Deloitte Consulting LLP, and its global THL leader, Adam Weissenberg, Deloitte & Touche LLP.

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Here are 5 key takeaways from the conference



The "Guest Experience" trumps all.

- The digital revolution, fueled by unprecedented use of mobile devices, is driving huge technology investments, but those investments will only provide ROI to-the extent that they increase positive engagement between hotels and their customers to enhance the overall experience.
- Gimmicks are out. Hotels are continually searching for ways to engage with their customers that create "moments of truth" prior, during and after their stays. Customers will always remember how you made them feel, especially when you can resolve unanticipated problems.
- Millennials are a segment of the market that has defined preferences and values that are being embraced by all customer segments. Implementing "millennial-esque" preferences across the entire customer base will ultimately be key to staying fresh while maintaining a consistent experience.



The hospitality economic forecast is "sunny with a chance of over-supply."

- Key performance indicators (Occupancy, ADR, and RevPAR) continue to be very positive and are at-or-near all-time highs in many markets.
- Some domestic markets such as New York and Texas are starting to show pricing pressure given the amount of supply that has come on-board and will be coming on-board.
- Select service (or focused-service) continues to be the "belle of the ball" for new supply and development with lower capital investment and ultimately, higher returns for investors.



Employee engagement makes or breaks the guest experience.

- 'Fueling' the self-esteem of employees across the entire organization creates a culture of engagement that strives to serve customers better, solve their problems and ultimately, create the 'glue' that binds employee engagement.
- Millennial employees are hard-working and committed, but they want engagement, communication, mentorship and a holistic perspective of their work's impact on the organization.
- The new generation of employees entering the hospitality space is inciting a new talent management paradigm – one that requires transparency into upward mobility translating to an 'aspirational mindset' to deliver 'inspirational' experiences.



Brands, brands, and... more brands

- The issue of brand proliferation continues to be a very divisive one. The proponents of brand consolidation argue that less brands mean more clarity for the customer and more opportunities for investors to buy properties carrying flags they trust. Proponents for brand proliferation argue that more brands allow for new, exciting 'lifestyle' targeting, and in some cases, a way to combat the power of the intermediaries like online travel agencies (OTAs).
- An economic downturn could inevitably be the deciding factor on brand proliferation versus consolidation as it will force companies and investors to evaluate their portfolios and determine if underperforming assets are linked to the underlying brands and respective customer segments they serve.



Embrace disruption

- Disruptors and new market entrants are showing traditional hotel industry participants what to expect when they look at problems from a different angle.
- Instead of thinking about disruptors as a limiting factor, think of them as an accretive part of the pie that makes the entire industry 'step up its game' to build better experiences for their customers.
- The worst thing to do with disruption is ignore it; the OTAs of the mid-to late-90s taught the industry that disruptors can steal a piece of the pie that they can never get back. The industry needs to proactively embrace disruption as a means to challenge strategy and tactics.